

35.01.08 – MINE LICENSE TAX ADMINISTRATIVE RULES

000. LEGAL AUTHORITY (RULE 000).

Section 63-105, Idaho Code, the State Tax Commission (Tax Commission) has promulgated rules implementing the provisions of the Idaho Mine License Tax Act.

001. SCOPE (RULE 001).

These rules are construed to reach the full jurisdictional extent of the state of Idaho's authority to impose a mine license tax.

002. INCORPORATION BY REFERENCE (RULE 002).

These rules incorporate IDAPA 35.02.01, "Tax Commission Administration and Enforcement Rules" and all income tax rules promulgated by the Tax Commission and statutes that relate to the Mine License Tax Act.

003 -- 019. (RESERVED)

020. ADVANCE ROYALTIES (RULE 020).

Section 47-1201, Idaho Code.

Any tax arising from payments of advance royalties shall be deferred until the year during which the ore to which the advance royalty relates is actually extracted.

021. -- 029. (RESERVED)

030. NET VALUE OF ORE TO BE USED AS MEASURE OF TAX -- HOW DETERMINED (RULE 030).

Section 47-1202, Idaho Code.

01. Election. The taxpayer may elect to use one (1) of the methods prescribed in Section 47-1202, Idaho Code, for the measurement of the mine license tax. This election must be made in writing and attached to the first mine license tax return filed. If no timely written election is made, the taxpayer shall be presumed to have elected to compute the mine license tax in accordance with the method described in Section 47-1202(a), Idaho Code. Once an election is made, the taxpayer may not change the method of computing their tax unless they receive written permission from the Tax Commission prior to the due date of the return.

a. Taxpayers whose only taxable mining activity is receiving royalties must determine their mine license tax liability by use of the method described in Section 47-1202(a), Idaho Code.

b. Taxpayers whose mining activity includes both the receiving of royalties and the extracting of ores must separately determine that portion of their mine license tax liability arising from the royalty received by using the method described in Section 47-1202(a), Idaho Code. The portion of their mine license tax liability arising from their extraction of ores may use either method for which a proper election was made. The separate determination may not be netted together or offset against each other.

02. Method Under Section 47-1202(a). For taxpayers receiving royalties, gross royalties shall be reduced by the deduction for depletion expense on the royalty that was allowed in the taxpayer's federal income tax return.

03. Method Under Section 47-1202(b). In addition to requirements under Section 47-1202(b), the net value of ores mined shall include the computations in Subsections 030.03.a. and 030.03.b.

a. The value used under 47-1202(b) shall apply regardless of whether the ore is extracted from public, tribal, or private land. If the taxpayer is mining properties for which a royalty must be paid, the taxpayer must attach to the mine license tax return a copy of the value determination made by the U.S. Department of the Interior.

b. The taxpayer shall also deduct a portion of the depletion expense attributable to the property that was allowed as a deduction in the taxpayer's federal income tax return for the same taxable year. The deductible portion shall be determined by multiplying the depletion expense allowed on the federal income tax return by the ratio of the gross value of ores for mine license tax purposes to the gross value of ores for federal percentage depletion purposes. For purposes of this computation, all references to gross value and depletion expense shall be limited to those arising from mining conducted in Idaho.

031. -- 039. (RESERVED)

040. MINE LICENSE TAX RETURNS (RULE 040).

Section 47-1203, Idaho Code.

A valid return needs to be filed as defined in Rule 150 of the Tax Commission Administration and Enforcement Rules, and include a schedule listing the name, address, and employer identification number or social security number, of each recipient of royalties paid by the taxpayer filing the return. The royalties shall be separately stated for each mining operation. Each mine license tax return shall also include a copy of the depletion expense computation applicable to Idaho mining properties that was included in the taxpayer's federal income tax return.

041. -- 999. (RESERVED)